

**ROUTING AND TRANSMITTAL SLIP**

Date

14 July 86

TO: (Name, office symbol, room number,  
building, Agency/Post)

Initials

Date

1. DDA/MS

2. ADDA

3. DDA

4.

5. *DDA Reg*

Action	File	Note and Return
Approval	For Clearance	Per Conversation
As Requested	For Correction	Prepare Reply
Circulate	For Your Information	See Me
Comment	Investigate	Signature
Coordination	Justify	

**REMARKS**

*cc: D/OIT Done [ ] 7/11/86*

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FROM: (Name, org. symbol, Agency/Post)

Room No.—Bldg.

Phone No.

5041-102

OPTIONAL FORM 41 (Rev. 7-76)

Prescribed by GSA  
FPMR (41 CFR) 101-11.502

**EXECUTIVE SECRETARIAT**  
**ROUTING SLIP**

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	EXDIR		X		
4	D/ICS		X		
5	DDI				
6	DDA		X		
7	DDO				
8	DDS&T				
9	Chm/NIC				
10	GC				
11	IG				
12	Compt		X		
13	D/OLL				
14	D/PAO				
15	D/PERS				
16	VC/NIC				
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SUSPENSE		Date			

Remarks

STAT

Executive Secretary

11 Jul 86

Date

3637 (10-81)



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

3119x

July 7, 1986



M-86-23

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS,  
ESTABLISHMENTS, AND INDEPENDENT AGENCIES

FROM: Joseph R. Wright, Jr.  
Deputy Director

SUBJECT: Preparation of Benefit-Cost Analyses for Major  
Information Technology Initiatives Contained in  
Budget Requests

**Purpose:**

This memorandum provides additional instructions for the preparation of benefit-cost analyses for major information technology initiatives contained in budget requests, as required in Section 43.2(c) of OMB Circular No. A-11, Revised.

**Background:**

Under Section 43.2(c), OMB Circular No. A-11, (Transmittal Memorandum No. 57, issued May 28, 1986) agencies are required to submit a detailed life-cycle benefit-cost analysis for each major information technology initiative contained in FY 1988 budget requests before any such initiatives can be considered for funding. That subsection explained coverage, format, and basic evaluation criteria, and stated that additional instructions would be forthcoming. This memorandum limits the coverage and format specifications of the required submissions, and clarifies concepts not covered elsewhere.

**Coverage:**

As noted in the Circular, analyses are to be submitted only for new major initiatives. An initiative is a project to build or modify a system. It may include the purchase or lease of hardware or software. Benefit-cost analyses are not required for existing systems, or for initiatives for which funding has already been approved.

**Additional Information:**

**Format**

DDA REGISTRY  
FILE: 60-7

The Circular requires that benefits and costs shall be presented in the format prescribed in Federal Information Processing Standards Publication No. 64, "Guidelines for

- include a scaled-down approach that is less ambitious than the proposed approach; and
- contain only reasonable and technically feasible options.

In most cases, one alternative should be a "baseline" approach that maintains existing levels of service with changes to existing systems kept to the minimum required to meet mission requirements.

**Inquiries:**

Any questions regarding this guidance or the agency's budget justification should be directed to your OMB representative.